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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission
DOCKETED

JUN 9 2011



IN THE MATTER OF THE APPLICATION)
OF ARIZONA-AMERICAN WATER)
COMPANY, AN ARIZONA)
CORPORATION, FOR A)
DETERMINATION OF THE CURRENT)
FAIR VALUE OF ITS UTILITY PLANT)
AND PROPERTY AND FOR INCREASES)
IN ITS RATES AND CHARGES BASED)
THEREON FOR UTILITY SERVICE BY)
ITS AGUA FRIA WATER DISTRICT,)
HAVASU WATER DISTRICT, MOHAVE)
WATER DISTRICT, PARADISE VALLEY)
DISTRICT, SUN CITY WEST WATER)
DISTRICT AND TUBAC WATER)
DISTRICT.)

DOCKET NO. W-01303A-08-0227

IN THE MATTER OF THE APPLICATION)
OF ARIZONA-AMERICAN WATER)
COMPANY, AN ARIZONA)
CORPORATION, FOR A)
DETERMINATION OF THE CURRENT)
FAIR VALUE OF ITS UTILITY PLANT)
AND PROPERTY AND FOR INCREASES)
IN ITS RATES AND CHARGES BASED)
THEREON FOR UTILITY SERVICE BY)
ITS MOHAVE WASTEWATER)
DISTRICT.)

DOCKET NO. SW-01303A-08-0227

Status Report and Request for Extension of Time to Comply

In Decision No. 71410, the Arizona Corporation Commission
("Commission") required Arizona-American Water Company to work with Staff to develop
and file a low income tariff for Commission consideration. The Company's water districts

1 affected by this requirement include: 1) Agua Fria; 2) Mohave; 3) Havasu; 4) Paradise
2 Valley; 5) Sun City West; and 6) Tubac.

3 Low income programs have not yet been established for these six districts.
4 Rather, to-date, the Company's efforts to establish a low income program have centered
5 primarily on the Sun City Water District in which the Commission earlier ordered the
6 Company to sponsor a residential low income program. Following the issuance of the
7 Commission's decision in this docket, the Company, in compliance with the Decision has
8 worked with Commission Staff on the particulars of a low income program for these
9 districts. Since the Company is not yet able to file a low income tariff for these six
10 additional districts, Commission Staff has requested that the Company make this formal
11 filing requesting an extension of the compliance deadline and providing a status report on
12 the low income program plans by the Company. ***Through this filing, the Company***
13 ***requests that the Commission extend the compliance deadline to July 29, 2011.***

14 **STATUS REPORT**

15 The following is a status report for a low income program for the districts at
16 issue:

17 1. After an informal review of possible vendors, the Company is presently in
18 contract negotiations with the Arizona Community Action Association ("AZCAA") to
19 administer the Company's low income program for the Company's remaining water
20 districts for both single and multi-housing residences.¹ Additional time is needed to
21 complete those negotiations, to finalize a contract, and to prepare a tariff that embodies the
22 low income program details. For all communities subject to the program, it appears
23 AZCAA - serving as the umbrella entity - has local social service organizations it can task
24 for a low income program.

25 _____
26 ¹ The Sun City Taxpayers Association ("SCTPA") will continue to administer the program for the Sun City
Water district's multi-housing residents.

1 2. Although it is not a district in the rate case in this docket, the Company
2 intends to include the Anthem Water District in its upcoming low income program proposal
3 as we believe that reflects the wishes of that community. The Company, however, does not
4 intend to extend the program to the Paradise Valley Water District. The Town of Paradise
5 Valley's leaders have communicated their opposition to such a program, and the available
6 economic and demographic data indicates virtually no low income eligibility in that
7 community.

8 3. The Company's pending rate case (Docket No. 10-0448) can serve as a
9 procedural vehicle for Commission approval of a low income program and funding
10 mechanism for the Agua Fria, Havasu and Mohave districts. If acceptable to the
11 Commission, the Company intends to introduce the details of a low income program for
12 these districts as per the established procedural dates for that case. The other districts
13 (Anthem, Sun City West and Tubac) will require the creation of a separate Commission
14 procedure.

15 4. The Company has learned valuable information through its experiences in the
16 Sun City Water District. Customer enrollment levels were surprisingly low initially in that
17 district, but increased once the program was extended to multi-housing residences by the
18 SCTPA. Residents of multi-housing units are rarely the Company's direct customer, but
19 rather pay their water bills typically through "HOA" fees or other common assessments that
20 group water bills along with other services. The SCTPA was also helpful in advertising the
21 program locally, so enrollments by single family residences (which the Company
22 administers) have also increased².

23 5. The funding mechanism – a slight increase on the high block commodity rate
24 – has proven effective and non-controversial. In Sun City, the Company has received
25
26

² There were 436 single family residences enrolled as of May 2011.

1 minimal negative customer comments about customers funding this program among an
2 otherwise very positive reception.

3 6. The Company expects for the other districts that eligibility will generally be
4 up to about 5% of the residential customer base for a credit of up to 50% of the monthly
5 minimum charge. The Company expects the funding to again come from an approximately
6 five cent increase in the high block rate. The Company does not anticipate proposing a
7 consolidated funding approach, but rather a continuation of a stand-alone funding
8 philosophy for each community.

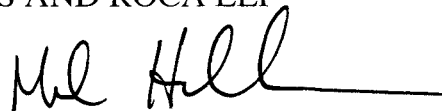
9 7. As noted above, the Company has had numerous discussions with
10 Commission Staff as to the best method for these programs and believes that so long as the
11 Company models the program expansion on the recent Commission Decision in relation to
12 the Sun City Water District (Decision No. 72229 at 7), Staff is likely to support the
13 Company's proposal.

14 **CONCLUSION**

15 For the reasons set forth above, the Company requests that the Commission
16 extend the compliance deadline under Decision No. 71410 to July 29, 2011 to allow the
17 Company to make a filing further detailing the low income program and including a tariff
18 filing for the three districts included in Docket 10-0448. A subsequent filing will be
19 necessary to address the remaining districts (this will be discussed in the next Company
20 filing).

21 RESPECTFULLY SUBMITTED this 9th day of June, 2011.

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23 

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